

NOTES FROM THE:

Auditor General of the Air Force



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New Audit Service

Worldwide the internal audit profession is moving to a greater focus on risk. This new focus will likely change the audit approach in many organizations as well as generate entirely new services. One such service, known as Controlled Self-Assessment (CSA), has developed since the late 1980s and is currently growing in popularity. CSAs provide a new way for auditors to assist organizations in managing risks by assessing and enhancing internal controls. We are currently preparing for a pilot implementation of CSAs within the AFAA. Accordingly, this article will further describe CSAs and our implementation plans.

Controlled Self-Assessment

The CSA concept began in Canada and has developed into a flexible technique that can be adjusted to analyze control issues within various levels of any organization. One of the more successful CSA approaches entails specifically trained auditors (facilitators) who aid work teams in assessing controls against a standard control model. In such a CSA engagement, the facilitator leads the process owners through an exercise that helps them identify existing controls, along with their strengths, weaknesses, and desired improvements. Electronic voting or other voting processes are used to quickly and anonymously portray the group's perceptions of the business process. As an end product, the facilitator produces a report that summarizes the group's session and provides improvement suggestions. Although the report may be forwarded to applicable action offices, it is not an audit report and requires no responses.

CSA Applicability in the Air Force

A CSA can be applied in almost any activity where controls are important. The CSA process can focus on traditional hard controls (e.g., accountability, approval levels, and separation of duties) or soft controls (e.g., communications, trust, ethics, and training). Because of their unique responsibility for stewardship and accountability, Comptroller organizations at all levels are good candidates for

CSAs. Undergoing a CSA is also a quick and relatively painless way to assess controls in preparation for the annual FMFIA certification. Further, CSAs can help commanders determine if they have problems in areas where frauds or special control issues have occurred at other bases. An August 1999 Internal Auditor magazine article illustrated an example of a successful CSA. In this case, a natural gas utility was having trouble paying gas suppliers on time. Traditional audits had shown the control process was in compliance, yet the delinquency problem persisted. Trying the CSA approach, the company brought together 20 people involved in the process for a facilitated session. The group found weaknesses in communications, training, workflow, and systems; however, the key finding was that corporate policy required five signatures to pay the invoices. This "over" control practice was very time consuming and significantly contributed to the delays. The key point is that the CSA approach involves the process owners so practical/usable solutions are likely to emerge. Like other audit or management tools, CSAs are not panaceas but they can definitely help in addressing and enhancing controls.

AFAA Implementation of CSAs

We are establishing a pilot CSA function in Arlington, Virginia. Our personnel are currently undergoing training and researching "best practice" CSA programs in government and industry. By early 2000, we expect to begin offering CSA services within the Air Force. After a year of the pilot effort, we will determine if our customers like CSAs. If so, we may expand our capability by training more auditors and possibly incorporate CSAs as a product offered by a wider range of AFAA activities. Our initial capability will be limited, but if you are interested in trying a new way of assessing internal controls, I encourage you to consider a CSA. For more information contact Ms Donna Edsall at DSN 947-4835 or Mr Michael VanDuyne at DSN 426-8160.